

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1486

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

July 24, 1958

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JULY 24, 1958

IN THE MATTER OF: :

CASE NO. 1486 Application of Gulf Oil Corporation for:
a non-standard gas proration unit. Ap- :
plicant, in the above-styled cause, :
seeks the establishment of a 320-acre :
non-standard gas proration unit in the :
Eumont Gas Pool consisting of Lots 13 :
and 14 and the SW/4 of Section 2, and :
the N/2 NW/4 of Section 11, all in :
Township 21 South. Range 36 East, Lea :
County, New Mexico, said unit to be :
dedicated to its J.F.Janda "D" Well No.:
1, 1980 feet from the South line and :
660 feet from the West line of said :
Section 2. :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: The next case on the docket is Case No. 1486.

MR. PAYNE: Application of Gulf Oil Corporation for a non-standard gas proration unit.

MR. KASTLER: Bill Kastler, appearing for Gulf Oil Corporation. If the Examiner please, we have no geological testimony in this particular case for the reason that this area proposed is surrounded by authorized gas proration units. Our only witness, therefore, will be Mr. J. D. Walker from Fort Worth, Texas.

J. D. WALKER,

called as a witness, having been previously duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q State your name and position.

A Don Walker. Division proration engineer with Gulf Oil Corporation, Fort Worth.

Q Are you the same Don Walker who was sworn and testified in the previous case?

A Yes, sir.

Q Are you familiar with Gulf's application in Case No. 1486?

A Yes, sir.

Q Have you prepared a location plat for introduction into evidence in this case?

A Yes, sir, sure have.

Q Is this labeled -- A Exhibit No. 1.

Q -- Exhibit No. 1 in Case No. 1486?

A It will be.

Q Referring to Exhibit No. 1, will you please state what it is, what Gulf is seeking in this application?

A In this Case 1486, Gulf Oil Corporation is seeking permission to expand a presently approved 240-acre Eumont gas proration unit across section lines to include an additional 80 acres in the Gulf lease to make it a 320-acre non-standard unit in the Eumont Pool.

Q What is the standard proration unit in this pool?

A The standard proration unit in the Eumont is 640-acres. However, this well is properly located for this 320-acre unit, and a hearing wouldn't be required except we have to cross section lines.

Q Will you give the location of the proposed unit well?

A Yes, it is Gulf J. F. Janda "D" Well No. 1, which is located 1980 feet from the South line and 660 feet from the West line of Section 2, Township 21 South, Range 36 East in Lea County.

Q Please review the completion data at this time.

A This well is an old Eunice oil well drilled and completed on August 13, 1957, at a total depth of 3835 feet. The well had an initial oil potential of 124 barrels. Five and a half inch casing was set and cemented at 3680 feet. On October 3rd, 1954 this well was plugged back and recompleted as a single zone gas well in the Eumont Gas Pool at a plug-back depth of 3645 feet. It is now producing from within the vertical limits of the Eumont Pool through casing perforations at intervals from 3435 to 3555 feet.

Q Will you describe the history of the gas proration unit since completion of this well October 3, in 1954 as a Eumont Gas Well?

A Our original approval for an administrative non-standard unit was on January the 5th, 1955, when the Commission issued administrative Order NSP 53, which at that time gave us a 150-acre unit consisting of lots 13 and 14 in the N/2 of the SW/4 of Section 2, and

in Township 21 South and Range 36 East. That was Gulf's J. F. Janda "D" 160-acre lease as a result of a gas pooling agreement between Cities Service and Gulf, Cities Service owning the S/2 of the SW/4 of that same section, and by application, the Commission approved our expansion of the 160-acre unit to 240 by NSP 201 dated November the 9th, 1955. Gulf and Cities Service have now amended the original communitization and operating agreement to include Gulf's 80-acre R. R. Bell "E" lease which is the N/2 of the NW/4 of Section 11, in Township 21 South, Range 36 East. We were requesting approval of the described acreage, that it be established as a non-standard 320-acre unit in exception to Commission's Order R-520.

Q Has Gulf and Cities Service agreed formally to the amendment of the original unit in order to bring in the additional proposed acreage?

A Yes, sir, they have. And I believe we have a copy -- a photostatic copy of that amendment agreement.

Q I show you an amendment to the gas pooling agreement which is stamped Gulf Oil Corporation's Exhibit No. 2 in Case 1486. Can you identify this as a photostatic copy of the signed agreement between Gulf and Cities Service to enlarge this unit area?

A It is, sir.

MR. KASTLER: May this be marked, Mr. Utz, please, -- identified as Gulf's Exhibit No. 2 in Case 1486?

What is the character and disposition of the gas in this unit?

A This gas well is connected to the Permian Basin pipeline

system and it is a sweet gas. It is considered a dry gas, and there is no fluid production from the well.

Q Is there any Eumont oil production from within the boundary of this proposed unit?

A No, sir.

Q Is the royalty interest common to all acreage within this unit?

A Yes, sir. The State of New Mexico owns the royalty under the entire 320 acres.

Q In your opinion, does the Janda "D" No. 1 Well have the ability to produce at the increased allowable rate?

A Yes, sir.

Q On what do you base this conclusion?

A Janda "D" No. 1 -- I believe I have figures here for November, '57, the well produced in excess of 50,000 MCF for the month, which is an average rate of 1,685 MCF per day. During 1956, the average allowable for a 320 Eumont unit was 756 MCF per day, and for 1957, the allowable for any one month was 1,428 MCF per day. J. F. Janda "D" No. 1, in my opinion, is capable of producing the 320-acre unit allowable.

Q And do you also believe that 320 acres in this proposed unit can be reasonably assumed to be productive of Eumont gas?

A Yes, sir. There is a -- the Commission has approved the Eumont Gas units completely surrounding in all directions from this proposed unit.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, sir.

Q And you have testified and identified Exhibit No. 2 as being a photostatic copy of a signed agreement --

A That's right.

Q -- between Gulf Oil Corporation and Cities Service Oil Company?

A Yes, sir.

MR. KASTLER: I now move to admit Exhibits No. 1 and 2 into evidence in this matter.

MR. UTZ: Without objection, they will be so received.

MR. KASTLER: Those are the only questions I have of the witness.

MR. UTZ: Are there any questions of the witness? Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Walker, is the NW/4 of Section 2 a non-standard unit in the Eumont?

A The NW/4?

Q Yes, sir.

A I believe that it is. I don't believe lots 3 and 4, I am not real sure about that. Let me look here a second. Yes, sir, that's a 235-acre unit, consisting of lots 3,4,5,6,11 and 12, and assigned to Well No. 5 there, which is in lot 12.

Q Now, the acreage directly to the south of your proposed

unit --

A The acreage directly to the south is unassigned. We have made extensive attempts to work out something between Atlantic and Two States to make a 160-acre unit in that NW/4 of Section 11, but have been unable to do so. Directly east is an 80-acre unit assigned to Pan American's Well No. 1, and consists of the north -- the N/2 of the NE/4 of Section 11, and Two States has a 120-acre unit consisting of the S/2 of the NW/4 and the NW/4 of the SE/4 of that same section. And I believe Continental has a 160-acre unit directly south of our R. R. Bell, which consists of the SW/4 of the Section, Section 11. On the west, Humble has a 320-acre unit assigned to their Well No. 1, which apparently is approximately 1980 feet from the East line and almost the same distance from the South line. I can't tell. It seems like it might be a little less than 1980 from the South line.

Q Do you know of any other non-standard units in the Eumont that cross sections lines?

A Gulf has some, and I am sure other people do too, but I haven't tabulated that.

Q You can find most anything in that pool?

A Yes, sir.

MR. PAYNE: That's all.

QUESTIONS BY MR. UTZ:

Q Mr. Walker, in the event you had been able to communitize the northeast and the northwest of Section 11, would you have

drilled a well in that quarter, or would you dually complete it?

A I am not familiar with the actual negotiations that took place. I don't know whether it was that the companies were unable to agree on a well, or whether they all had five and a half inch casing, or whether they didn't feel that they wanted to lose a Monument well and try to dual. I don't know exactly what happened that they were unable to reach some agreement on that. Apparently, they were unwilling to drill another well just for this Eumont gas.

Q At any rate, Atlantic and Two States are fully aware of the consequences as a result of this unit, are they not?

A Well, they certainly were furnished copies of our application, and as I say, I don't know about the verbal agreement to disagree at that time, but they are aware, yes, sir.

MR. UTZ: Are there any other questions of the witness?
Mr. Kastler.

MR. KASTLER: I would like to ask a question.

REDIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Walker, is it possible that if the application were granted now, perhaps some differences or difficulties with Atlantic might be ironed out so that this unit could then be enlarged to a 400-acre unit all being drained by this same well? Do you see any possibility there --

A Well, I --

Q -- not knowing what the differences are?

A I don't believe that the well would be capable of taking in that extra 80-acres. Possibly if Atlantic, Two States and Gulf get together, we could certainly break that off and go for 160; I think that probably would be more in order.

MR. KASTLER: Thank you.

MR. UTZ: If there are no further questions of the witness, he may be excused.

(Witness excused)

MR. UTZ: Is there any other statement to be made in this case?

MR. KASTLER: If the Examiner please, I have an original and copy of the executed amendment to the gas pooling agreement, which on Page 4 has a blank for the approval by the Oil Conservation Commission. I believe that this was drafted by Cities Service and they requested that this approval be endorsed on these two copies in the event this application is successful and that these copies be returned to us. I wonder if I might have your permission to submit these at this time for that purpose?

MR. UTZ: You certainly may.

MR. KASTLER: Thank you.

C E R T I F I C A T E

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I. J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 4th day of August, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
Notary Public

My Commission Expires:

October 5, 1960.

I do hereby certify that the foregoing is a correct record of the proceedings in the New Mexico Oil Conservation Commission held on July 29, 1958.
[Signature] Chairman
New Mexico Oil Conservation Commission

